



March 8, 2006

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JOYCE CROSTHWAITE
Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer
Project Manager

SUBJECT: Quarterly Legislative Report (March 2006)

On January 4, 2006, the Legislature reconvened for the second half of the 2005-06 Legislative Session. At the final hour of recess of the first half (September 9, 2006), many bills of interest to LAFCO were chaptered into law. We experienced some relief with the extension of the deadline for completion of Municipal Service Reviews, the rewrite of the previously antiquated Community Services District Law (SB 135), and statute that addresses the issues of ethics, incompatible offices, and lobbying disclosures for those that hold public offices. Some bills introduced during the first half of the session survived and were moved on as others lost their steam and died along the way.

As with some of the previous Legislative Sessions, the beginning of the session includes the revival of previous bills and introduction of new ones. Bills of particulate interest to LAFCO are include a revived and much needed effort to address the revenue loss to local governments created by Proposition 1A and non-substantive and non-controversial changes to the Cortese-Knox-Hertzberg Act proposed through the Omnibus Bill. A brief summary for each of these key areas is included below.

The CALAFCO Legislative Committee has been busy in search of the recently vacated Legislative Chair position and has not yet held a regular committee meeting to discuss bills of interest to CALAFCO and LAFCOs across the state. The Board anticipates reconvening the Committee with a new helm in May 2006, during which current legislation of interest to LAFCO will be discussed. Following that meeting a legislative update will be provided to the Commission.

Local Government Finance – AB 1602 (Laird)

In February 2005, Assemblyman Laird introduced a bill to address the revenue gap that was created for cities as a result of Proposition 1A, which included the state-take-away of Vehicle License Fee (VLF)/Property Tax revenues from local governments. More specifically, AB 1602 was seeking to eliminate the restriction on new cities incorporated after August 5, 2004 receiving additional allocations of VLF revenues for a period of seven years – known as the “VLF bump.”

Introduced and strongly supported by the California League of Cities, AB 1602 encountered an unrelated political battle during the Session last year and a decision was made to bring it back to the Legislature at a later time.

With a new suit of armor but remaining unchanged in content, AB 1602 has become active again. It is scheduled for hearing by the Senate Local Government Committee on March 1, 2006 and CALAFCO has indicated the Board's support of the bill. The proposed statute is seen as a tool for both local communities and LAFCOs to address the issue of fiscal feasibility of an incorporation or annexation of inhabited areas to a city.

Staff plans to provide input and keep a close watch on this bill.

Omnibus Bill for Cortese-Knox-Hertzberg Act

This year's Omnibus Bill includes recommended minor, non-controversial changes to the Cortese-Knox-Hertzberg Act of 2000. As CALAFCO, with the assistance of local LAFCOs, continues this year's effort, below is a summary of the recommended changes included in the bill. Other changes include minor corrections to code sections to provide further clarity:

- Extension of provisions related to island annexations from 2007 to 2014
- Noticing the Forestry and Fire Protection about boundary changes in State Responsibility Areas
- Makes it clear that LAFCOs do not have authority over the internal zones of any type of special district

STAFF RECOMMENDATION

Staff recommends that the Commission:

- 1) Receive and file the March 8, 2006 Quarterly Legislative Report.

Respectfully submitted,

JOYCE CROSTHWAITE

CAROLYN EMERY